

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7610

BILL NUMBER: HB 1776

NOTE PREPARED: Jan 10, 2003

BILL AMENDED:

SUBJECT: Tobacco Merchandising.

FIRST AUTHOR: Rep. Pelath

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State & Local

Summary of Legislation: The bill prohibits cigarette manufacturers from requiring retailers to engage in certain display and advertising practices or other practices concerning another cigarette manufacturer as a condition to participate in certain marketing promotions. It requires certain retailers to provide employee assistance to purchase individual packages of cigarettes.

Effective Date: July 1, 2003.

Explanation of State Expenditures:

Explanation of State Revenues: The bill would establish Class C infraction for certain retail establishments having individual packs of cigarettes within the reach of consumers. If additional court cases occur, revenue to the state General Fund may increase if infraction judgments and court fees are collected. The maximum judgment for a Class C infraction is \$500, which is deposited in the state General Fund. If court actions are filed and a judgment is entered, a court fee of \$70 would be assessed. 70% of the court fee would be deposited in the state General Fund if the case is filed in a court of record or 55% if the case is filed in a city or town court.

Notwithstanding the criminal Class C infraction, tobacco retailers found to have violated the requirements of this bill, could be assessed a civil penalty of \$50 for a first violation, and up to \$500 for three violations in the previous 90 days. Penalties would be deposited in the Youth Tobacco Education and Enforcement Fund. The fund is administered by the Alcohol and Tobacco Commission and is currently funded with fine revenue collected from retailers that sell tobacco products to minors. The fund is used for excise officer training, retailer education, and for the prevention of youth smoking. In FY 2002, the fund received

approximately \$102,396 in fine revenue.

Explanation of Local Expenditures:

Explanation of Local Revenues: *Class C Infraction:* If additional court actions are filed and a judgment is entered, local governments would receive revenue from the following sources: (1) The county general fund would receive 27% of the \$70 court fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. (2) A \$3 fee would be assessed and, if collected, would be deposited into the county law enforcement continuing education fund. (3) A \$2 jury fee is assessed and, if collected, would be deposited into the county user fee fund to supplement the compensation of jury members.

State Agencies Affected: Alcohol and Tobacco Commission.

Local Agencies Affected: Trial courts, local law enforcement agencies.

Information Sources:

Fiscal Analyst: Karen Firestone, 317-234-2106